



# NHRS Bulletin Board

## NEW HAMPSHIRE RETIREMENT SYSTEM

A Newsletter for NHRS Participating Employers

Number 30 • January 2006

### How NHRS Funds Lifetime Benefits for Eligible Members

#### *Projected Employer Normal Contribution Rates*

The New Hampshire Retirement System (NHRS) is a public employee pension plan, which offers secure, lifetime benefits to its eligible members. As a defined benefit plan that is governed by statute (NH RSA 100-A), benefits are based on salary and service credit. Funding for those benefits is derived from member contributions, employer contributions and trust fund assets.

The status of funding is impacted by many factors including the expected ("targeted") annual rate of return of NHRS investments versus the actual rate of return, as well as demographic assumptions versus actual demographics, discussed below.

The current targeted rate of return as set forth by the NHRS Board of Trustees (also referred to as the "discount rate") is 9.0%; however, at the November 2005 monthly board meeting, the Board of Trustees upon the recommendation of the NHRS investment consultant voted to change the targeted rate of return to 8.5%, effective July 1, 2007.

In order to guarantee future benefits to NHRS members, the System's consulting actuary performs a biennial actuarial valuation to determine the amount of funds needed to pay for future benefits. The actuary considers many variables such as the value of trust fund assets, the number of active members (members contributing to NHRS), the

number of members in receipt of benefits, salary amounts and life expectancy. The actuary then makes projections of such variables (what those amounts and numbers are likely to be in the future) to determine how much NHRS will need to fund future benefits, referred to as "benefit obligations" or "pension liabilities".

Pursuant to NHRS statutory provisions, specifically, NH RSA 100-A:16, the employer contribution rates shall change, as necessary, to maintain the funded ratio of assets to liabilities, to ensure that NHRS may pay future

benefits. Based on the most recent actuarial valuation, and assuming a discount rate of 8.5%, the employer normal contribution rates, **effective July 1, 2007**, are likely to change (listed on page 2). Please keep in mind that these are projected rates; they are not certified rates and may be further adjusted. NHRS is providing these projections to employers as an effort to communicate potential rate changes for the purposes of budget planning. A history of employer normal contribution rates is also included on page 2.

Please contact the NHRS Public Information Officer at [kim.france@nhrs.org](mailto:kim.france@nhrs.org), or by phone at 1-877-917-6477 x252, with any questions regarding the projected rates.

**...these are projected rates; they are not certified rates...**

### 2005 Member Annual Statements Mailed

The 2005 Member Annual Statements were mailed to all NHRS members in late December. (Retired members do not receive a member annual statement.) The annual statement provides important personal data about member accounts including service, salary and beneficiary information. An informational insert was included with the annual statement to explain how to read the statement and

to describe the NHRS benefit provisions.

Additional information about member annual statements may be found on the NHRS web site at [www.nh.gov/retirement](http://www.nh.gov/retirement), including a member inquiry form, which may be submitted electronically to NHRS. Members may also email NHRS with their annual statement questions, [statementhelp@nhrs.org](mailto:statementhelp@nhrs.org) or call 1-877-917-6477 x285.

# NHRS Bulletin Board - January 2006

## Employer Normal Contribution Rates\*\*

(Please refer to the related article on page 1.)

Current Rates Effective 7/1/05-6/30/07		Projected Rates (not certified) Effective 7/1/07	
Employees .....	6.81%	Employees .....	8.74%
Teachers .....	5.70%	Teachers .....	8.93%
Employer contribution .....	3.70%	Employer contribution .....	5.80%
State contribution .....	2.00%	State contribution .....	3.13%
Firefighters .....	22.09%	Firefighters .....	24.49%
Employer contribution .....	14.36%	Employer contribution .....	15.92%
State contribution .....	7.73%	State contribution .....	8.57%
Police Officers .....	14.90%	Police Officers .....	18.21%
Employer contribution .....	9.68%	Employer contribution .....	11.84%
State contribution .....	5.22%	State contribution .....	6.37%

\*\*The employer contributes 65% of the cost for teachers, firefighters and police officers; the remaining 35% of the cost is paid by the State of New Hampshire. The employer pays the full cost for employees.

The employer/state breakdown is listed in the chart, above. \*\*

## Historical Employer Normal Contribution Rates

(Total Contribution Rates; employer/state breakdown not listed)

Fiscal Year	Employees	Teachers	Police Officers	Firefighters
1986	1.27%	0.88%	13.00%	15.54%
1987	1.01%	0.88%	11.60%	14.70%
1988	2.74%	0.65%	7.07%	13.99%
1989	2.47%	0.79%	8.20%	13.98%
1990	2.30%	1.37%	9.31%	12.23%
1991	2.02%	1.37%	10.22%	12.65%
1992	6.79%	5.23%	10.85%	15.14%
1993	2.65%	2.79%	5.07%	10.20%
1994	2.65%	2.79%	5.07%	10.20%
1995	2.65%	2.79%	5.07%	10.20%
1996	3.14%	3.35%	3.81%	7.49%
1997	3.14%	3.35%	3.81%	7.49%
1998	3.86%	4.05%	5.22%	8.30%
1999	3.86%	4.05%	5.22%	8.30%
2000	3.94%	4.11%	7.13%	8.30%
2001	3.94%	4.11%	7.13%	8.30%
2002	4.14%	3.97%	8.20%	10.17%
2003	4.14%	3.97%	8.20%	10.17%
2004	5.90%	4.06%	12.11%	20.68%
2005	5.90%	4.06%	12.11%	20.68%
2006	6.81%	5.70%	14.90%	22.09%

## New Email Addresses

— New Email Addresses — New Email Addresses —

All NHRS email addresses have changed.

The new format for email addresses is:

**firstname.lastname@nhrs.org**

Please update your email address books.

— New Email Addresses — New Email Addresses —

## New Email Addresses

This publication provides general information only. The New Hampshire Retirement System (NHRS) is governed by NH RSA 100-A and the rules and regulations promulgated by the NHRS Board of Trustees. In the event of any conflict between this publication and the laws, rules and regulations that govern NHRS, the laws, rules and regulations will prevail. Contact NHRS at 1-877-917-6477 with any questions.